

Message Text

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ORIGIN EB-07

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H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02
AID-05 CIEP-02 SS-15 STR-04 ITC-01 TRSE-00 USIA-15
PRS-01 SP-02 OMB-01 OIC-02 /149 R

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FM SECSTATE WASHDC
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E.O. 11652: N/A

TAGS: ETRD, GATT, PO

SUBJECT: QUESTIONS FOR GATT EXAMINATION OF EC-PORTUGAL
INTERIM AGREEMENT (TPSC 77-3)

1. THE TRADE POLICY STAFF COMMITTEE AND STR HAVE APPROVED
THE FOLLOWING PAPER THAT INCLUDES QUESTIONS TO BE SUBMIT-
TED TO THE WORKING PARTY ON THE EC-PORTUGAL INTERIM AGREE-
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MENT.

2. PROBLEM. THE GATT COUNCIL HAS ESTABLISHED A WORKING
PARTY WITH STANDARD TERMS OF REFERENCE TO EXAMINE THE
SEPTEMBER 20, 1976 INTERIM AGREEMENT BETWEEN PORTUGAL
AND THE EUROPEAN COMMUNITY (EC). THE INTERIM AGREEMENT
PUT INTO IMMEDIATE EFFECT CERTAIN PROVISIONS RELATING TO

TRADE OF AN ADDITIONAL PROTOCOL TO THE 1972 AGREEMENT BETWEEN THE EC AND PORTUGAL. THE COUNCIL HAS REQUESTED THAT CONTRACTING PARTIES SUBMIT QUESTIONS TO THE WORKING PARTY BY JANUARY 15, 1977.

3. RECOMMENDATIONS. THAT THE LIST OF QUESTIONS ATTACHED AS AN ANNEX BE APPROVED AND SUBMITTED TO THE WORKING PARTY.

4. BACKGROUND. IN 1972, THE EC AND PORTUGAL CONCLUDED A TRADE AGREEMENT WHICH PROVIDED FOR THE ELIMINATION OF CUSTOMS DUTIES ON INDUSTRIAL GOODS IN SUCCESSIVE CUTS. WITH ONLY A FEW EXCEPTIONS, THE AGREEMENT DID NOT PROVIDE FOR LIBERALIZATION OF AGRICULTURAL TRADE. IN HIS STATEMENT BEFORE THE GATT WORKING PARTY EXAMINING THE AGREEMENT, THE PORTUGUESE REPRESENTATIVE STATED THAT THE PARTIES TO THE AGREEMENT WERE RESOLVED TO ELIMINATE PROGRESSIVELY THE OBSTACLES TO SUBSTANTIALLY ALL THEIR TRADE IN ACCORDANCE WITH THE PROVISIONS OF THE GATT CONCERNING FREE-TRADE AREAS. THE EC REPRESENTATIVE ASSERTED THAT THE AGREEMENT WAS CONSISTENT WITH THE RELEVANT PROVISIONS OF THE GATT.

5. WHILE SOME MEMBERS OF THE WORKING PARTY AGREED THAT THE AGREEMENT EFFECTIVELY CREATED A FREE TRADE AREA, OTHERS DID NOT. IN ADDITION, SOME MEMBERS FELT THAT THE RULES OF ORIGIN RAISED NEW BARRIERS TO IMPORTS FROM THIRD PARTIES AND THUS CONFLICTED WITH ARTICLE XXIV:5(B). SOME DEVELOPING COUNTRIES EXPRESSED THE VIEW THAT FURTHER ECONOMIC INTEGRATION IN EUROPE WOULD LEAD TO NEW DISTORTIONS IN TRADE TO THE DETRIMENT OF DEVELOPING COUNTRIES. IN THE UNCLASSIFIED

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END, THE WORKING PARTY WAS UNABLE TO REACH UNANIMOUS CONCLUSIONS AS TO THE COMPATIBILITY OF THE AGREEMENT WITH THE PROVISIONS OF THE GENERAL AGREEMENT.

6. ON SEPTEMBER 20, 1976, THE EC AND PORTUGAL SIGNED AN ADDITIONAL PROTOCOL TO THEIR 1972 TRADE AGREEMENT, A SEPARATE FINANCIAL PROTOCOL, AND AN INTERIM AGREEMENT PUTTING INTO EFFECT, PENDING FINAL RATIFICATIONS BY THE PARTIES, THE PROVISIONS OF THE PROTOCOL ON TRADE. THE ACCORDS ARE INTENDED TO PROMOTE A CLOSER RELATIONSHIP BETWEEN THE EC AND PORTUGAL AND TO CONTRIBUTE TO PORTUGAL'S ECONOMIC AND SOCIAL DEVELOPMENT.

7. THE INTERIM AGREEMENT OFFERS PORTUGAL SIGNIFICANT BENEFITS, INCLUDING THE REDUCTION OF THE PACE, SET IN 1972, AT WHICH PORTUGUESE CUSTOMS DUTIES ON CERTAIN INDUSTRIAL PRODUCTS ARE TO BE PROGRESSIVELY PHASED OUT, SO THAT ZERO RATES WILL BE REACHED IN 1985 RATHER THAN 1980. THE INTERIM AGREEMENT PROVIDES FOR THE SUSPENSION OF THE

COMMUNITY'S DUTIES REMAINING ON A LARGE NUMBER OF PORTUGUESE INDUSTRIAL PRODUCTS. THE EC ALSO GRANTS A REDUCTION OF DUTIES ON IMPORTS OF A NUMBER OF FISH AND HORTICULTURAL PRODUCTS FROM PORTUGAL.

8. THE EC INCREASES THE MAXIMUM VOLUME OF PREFERENTIAL IMPORTS FOR EIGHT TEXTILE PRODUCTS FROM PORTUGAL, WHICH IN TURN AGREES TO INSURE THAT ITS EXPORTS OF CERTAIN TEXTILE ITEMS TO THE UNITED KINGDOM DO NOT EXCEED PRESCRIBED LIMITS. IN THE INTERIM AGREEMENT, THE EC OPENS ZERO DUTY QUOTAS FOR CERTAIN TYPES OF PAPER PRODUCED IN PORTUGAL FOR THE PERIOD JANUARY 1, 1976 TO JANUARY 31, 1983. THE INTERIM AGREEMENT PROVIDES FOR INCREASES OF THE TARIFF QUOTAS FOR PORTUGUESE PORT WINES IN BOTTLES. IT ALSO OPENS TARIFF QUOTAS FOR PORTUGUESE MADERIA, MOSCATEL AND SETUBAL WINES AND REDUCES DUTIES BY 60 PERCENT ON THESE WINES IN BOTTLES AND BY 50 PERCENT IN BULK.
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9. IN DEROGATION FROM THE 1972 AGREEMENT, THE INTERIM AGREEMENT PERMITS PORTUGAL, AFTER NOTIFYING THE EC, TO APPLY CUSTOMS DUTIES NOT EXCEEDING 20 PERCENT AD VALOREM ON IMPORTS OF SPECIFIED PRODUCTS FROM THE EC. THESE CUSTOMS DUTIES WILL BE PHASED OUT ACCORDING TO A TIMETABLE ENDING IN 1985. THE INTERIM AGREEMENT IMPROVES THE PROVISION IN THE 1972 AGREEMENT ALLOWING PORTUGAL TO INCREASE OR REINTRODUCE DUTIES TO PROTECT ITS EMERGING INDUSTRIES. THE JOINT COMMITTEE ESTABLISHED BY THE 1972 AGREEMENT MAY NOW AUTHORIZE PORTUGAL TO TAKE TARIFF MEASURES AFFECTING PRODUCTS OF A TOTAL VALUE EXCEEDING THE LIMIT ESTABLISHED IN 1972 WHICH AT THAT TIME WAS 10 PERCENT OF THE TOTAL VALUE OF PORTUGAL'S IMPORTS IN 1970.

10. ANNEX: QUESTIONS FOR THE WORKING PARTY ON THE EC-PORTUGAL INTERIM AGREEMENT.

(A) WHAT WAS THE TOTAL VALUE OF AGRICULTURAL IMPORTS INTO THE EC FROM PORTUGAL IN EACH OF THE THREE MOST RECENT YEARS FOR WHICH STATISTICS ARE AVAILABLE?

(B) WHAT WAS THE TOTAL VALUE OF AGRICULTURAL IMPORTS INTO PORTUGAL FROM THE EC IN EACH OF THE THREE MOST RECENT YEARS FOR WHICH STATISTICS ARE AVAILABLE?

(C) WHAT VALUE AND PERCENTAGE OF AGRICULTURAL IMPORTS ARE FREE TO ENTER THE EC FROM PORTUGAL WITHOUT PAYMENT OF DUTIES AND WILL NOT BE SUBJECT TO OTHER RESTRICTIVE REGULATIONS OF COMMERCE SUCH AS MINIMUM IMPORT PRICES AND

VARIABLE LEVIES? OF THESE IMPORTS, WHAT PERCENTAGE ENTER DUTY-FREE AS A RESULT OF THE AGREEMENT NOW UNDER CONSIDERATION?

(D) WHAT WAS THE TOTAL VALUE OF INDUSTRIAL IMPORTS INTO UNCLASSIFIED

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THE EC FROM PORTUGAL IN EACH OF THE THREE MOST RECENT YEARS FOR WHICH STATISTICS ARE AVAILABLE?

(E) WHAT PERCENTAGE OF THOSE INDUSTRIAL IMPORTS WILL ENTER THE EC DUTY-FREE AS A RESULT OF THE AGREEMENT NOW UNDER CONSIDERATION?

(F) ARTICLE 6 OF THE INTERIM AGREEMENT PROVIDES THAT,

FOR THE PRODUCTS LISTED IN ANNEX II AND ORIGINATING IN THE COMMUNITY, PORTUGAL MAY APPLY A CUSTOMS DUTY OF 20 PERCENT AD VALOREM. WHAT PERCENTAGE OF PORTUGUESE PREFERENTIAL DUTIES (APPLICABLE TO IMPORTS FROM THE EC) ON THESE ITEMS IS CURRENTLY BELOW 20 PERCENT? WILL THE PORTUGUESE SURCHARGE AND IMPORT DEPOSIT SCHEME BE LEVIED IN ADDITION TO THE 20 PERCENT CUSTOMS DUTY ON THE PRODUCTS ON WHICH THE IMPORT DEPOSIT SCHEME AND SURCHARGE ARE APPLICABLE?

(G) ARTICLE 7 OF THE INTERIM AGREEMENT PROVIDES THAT BY WAY OF DEROGATION FROM ARTICLE 6(1) OF PROTOCOL 1 TO THE AGREEMENT, THE JOINT COMMITTEE MAY AUTHORIZE PORTUGAL TO INTRODUCE, INCREASE OR REINTRODUCE CUSTOMS DUTIES NOT EXCEEDING 20 PERCENT ON IMPORTS BEYOND THE LIMIT OF 10 PERCENT OF TOTAL 1970 PORTUGUESE IMPORTS. ARE THE PRODUCTS ON WHICH THIS ACTION MAY BE TAKEN RESTRICTED TO THOSE LISTED IN ANNEX II AND REFERRED TO IN ARTICLE 5 OF THE INTERIM AGREEMENT?

(H) REGARDING ARTICLE 3 OF PROTOCOL 8 TO THE 1972 EC-PORTUGAL AGREEMENT, THE SIGNATORIES THROUGH EXCHANGES OF LETTERS HAVE AGREED ON ADDITIONAL CONDITIONS FOR TRADE IN AGRICULTURAL PRODUCTS.

(I) WHAT CONDITIONS WERE AGREED UPON IN AN EXCHANGE OF LETTERS ON FEBRUARY 19, 1975 REGARDING THE IMPORTATION OF TOMATO CONCENTRATES INTO THE EC?
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(2) WILL THE SIGNATORIES CONTINUE TO EMPLOY EXCHANGES OF LETTERS WHICH PROVIDE FOR ADDITIONAL UNDERTAKINGS FOR TRADE IN AGRICULTURAL PRODUCTS?

- -(3) IF SO, WHAT OTHER AGRICULTURAL PRODUCTS WILL BE COVERED?

(4) HOW WILL THESE BE NOTIFIED?

(I) WITH REGARD TO THE AGRICULTURAL PRODUCTS LISTED IN ARTICLE 7 OF PROTOCOL 8 OF THE EC-PORTUGAL AGREEMENT, WHAT VALUE AND PERCENTAGE OF PORTUGUESE IMPORTS OF THESE PRODUCTS WERE IMPORTED FROM THE EC DURING THE THREE MOST RECENT YEARS FOR WHICH STATISTICS ARE AVAILABLE AND HOW DO THESE VALUES AND PERCENTAGES COMPARE TO THE BASE PERIOD, 1969, 1970, AND 1971?
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, COMMITTEES, TRADE AGREEMENTS, RELATIONS WITH REGIONAL ORGS, ECONOMIC INTEGRATION
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
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